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DEPT OF TREASURY WASHINGTON DC
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DEPT FOR EAP/K, EAP/PD, INR/EAP/K AND INR/IL/P
TREASURY FOR OASIA/WINGLE
USDOC FOR 4430/IEP/OPB/EAP/WGOLICKE
STATE PASS USDA ELECTRONICALLY FOR FAS/ITP
STATE PASS DOL/ILAB SUDHA HALEY
STATE PASS USTR FOR IVES/WEISEL

E.O. 12958: N/A

TAGS: [KPAO](#) [PGOV](#) [PREL](#) [MARR](#) [ECON](#) [KS](#) [US](#)

SUBJECT: PRESS BULLETIN - November 26, 2008

Features

- [1](#)1. The ROK and the U.S. Agree to Transform Cash-based Financial Contribution for USFK Upkeep to a Goods Provision
(Dong-a Ilbo, November 26, 2008, Page 8)
- [1](#)2. 37% of ROK Lawmakers: "The KORUS FTA Would be Revised"
(Dong-a Ilbo, November 26, 2008, Pages 1 and 6)

Top Headlines

Chosun Ilbo, Hankook Ilbo, All TVs
Elder Brother of Former President Roh Moo-hyun Suspected of Receiving 1 Billion Won from Former CEO of Sejong Capital in Return for Influencing Sale of Sejong Securities to Nonghyup in 2006

JoongAng Ilbo
A Former Blue House Staff Member during the Roh Moo-hyun Administration Allegedly Managed 3 Billion Won Used for Bribery in Connection with Sale of Sejong Securities to Nonghyup

Dong-a Ilbo
National Tax Service Asks Prosecution to Investigate Park Yeon-cha, Chairman of Taekwang Industrial and Supporter of Former President Roh, on Suspicion of Tax Evasion

Hankyoreh Shinmun
ROKG Considers Injecting Public Funds into Banks

Segye Ilbo
U.S. Announces \$800 Billion in New Lending Programs to Ease Credit

Seoul Shinmun
Prosecutors to Summon Former President Roh's Elder Brother

Domestic Developments

- [1](#)1. According to the Korea Chain Stores Association, Korea's leading discount stores - Lotte Mart, E-Mart and Homeplus - will resume sales of U.S. beef starting tomorrow because they judged that negative public sentiment about U.S. beef has subsided and that there is no reason to deny customers the choice to buy inexpensive U.S. beef as the real economy is suffering and commodity prices are going up. The three big retailers stopped selling U.S. beef in October of last year when bone fragments were found in some U.S. beef cuts. (All)
- [1](#)2. According to a Nov. 19-25 opinion survey, 37 percent of 195 ROK lawmakers polled expected that the KORUS FTA would be revised.

(Dong-a)

13. U.S. Ambassador to the ROK Kathleen Stephens, in a Nov. 25 meeting with main opposition Democratic Party lawmakers, said that the first task for the U.S. and the ROK governments is to pave the way for the KORUS FTA. (Dong-a)

14. According to a military source, the ROK and the U.S. have agreed to jointly develop the Aerial Weapon Scoring System (AWSS), an unmanned reconnaissance warning plane, to counter the threat of North Korea's long-range artillery. (JoongAng, Dong-a)

15. It was learned yesterday that the ROK and the U.S. have reached a tentative agreement to transform the current cash-based payment for the ROK's contribution to the upkeep of USFK to a goods provision gradually over the next three years. (Dong-a)

International News

1. According to the (North) Korean Central News Agency, North Korean leader Kim Jong-il has visited machinery and cosmetics companies in Shinuiju, a border town with China, in his second public appearance in eight days. The North Korean media did not reveal the exact date of the visit but released photos of Kim visiting the companies. (JoongAng, Dong-a, Hankook, Hankyoreh, Segye, Seoul, DailyNK)

2. Kim's visit to the companies in Shinuiju, North Pyongan Province, is the first such visit outside of Pyongyang after a series of public appearances the reclusive leader made in recent months, and seems intended to show Kim's improved state of health. (JoongAng,

Dong-a, Hankook, Hankyoreh, Segye) Furthermore, the fact that the North Korean leader visited the North's border town of Shinuiju raises speculation that North Korea might choose economic cooperation with China over the Kaesong Industrial Complex with the ROK. (JoongAng)

Media Analysis

North Korea

Most of the ROK media gave prominent attention to a Nov. 25 report by the (North) Korean Central News Agency saying that North Korea leader Kim Jong-il has visited machinery and cosmetics companies in Shinuiju, a border town with China, in his second public appearance in eight days. The ROK media reported that the North Korean media did not reveal the exact date of the visit but released photos of Kim visiting the companies. In particular, most newspapers noted that Kim's visit to the companies in Shinuiju, North Pyongan Province, is the first such visit outside of Pyongyang after a series of public appearances the reclusive leader made in recent months, and commented that the visit might be intended to show Kim's improved state of health. In particular, right-of-center JoongAng Ilbo took note of the fact that the release of Kim's photos came just a day after North Korea's announcement that it would end daily cross-border train service and tours of Kaesong city, and said that this might suggest that the North's recent hard-line measures against the ROK were orchestrated by leader Kim Jong-il. JoongAng also speculated that the North Korean leader's visit to the border town of Shinuiju might indicate that Pyongyang could choose economic cooperation with China over the Kaesong Industrial Complex with the ROK.

Features

The ROK and the U.S. Agree to Transform Cash-based Financial Contribution for USFK Upkeep to a Goods Provision
(Dong-a Ilbo, November 26, 2008, Page 8)

By Reporter Cho Soo-jin

It has been reported that the ROK and the U.S. have reached a provisional agreement that they will incrementally modify by 2011 the method of Seoul's financial contribution for maintaining U.S. troops in the ROK.

The conversion into a goods provision will be made step by step over the next three years, and the two sides also agreed on the rate of switchover for each year.

An ROKG source said on November 25, "Realistically, it is not easy to make the transition happen at once given the long practice of cash payment. We will make the transition step by step and as swiftly as possible."

The ROKG plans to sign the deal with the U.S. and place its share of defense costs for next year (about 760 billion won) under consideration in the National Assembly for the budget deliberation by next week.

At the fifth round of the high-level defense cost-sharing talks in Hawaii on November 20, local time, the ROK and the U.S. tentatively agreed to the 8th Special Measurement Agreement under which, in addition to the transition, the U.S. will be allowed to divert the defense fund to relocate the 2nd Infantry Division to Pyeongtaek.

Features

37% of ROK Lawmakers: "The KORUS FTA Would be Revised"
(Dong-a Ilbo, November 26, 2008, Pages 1 and 6)

By Reporters Kim Seung-ryeon, Park Jeong-hun, Goh Gi-jeong and Gil Jin-gyun

Dong-a Ilbo conducted an opinion survey of 195 lawmakers on November 19-25. The respondents include lawmakers from the ruling Grand National Party (129), the opposition Democratic Party (50) and the Liberty Forward Party (5)

1. Are you in favor of the ROK-U.S. FTA?

Yes 87.7%
(96.9%, 70% and 87.5% of the GNP, DP and LFP respondents respectively)
No 9.7%
(2.3%, 22% and 12.5% of the GNP, DP and LFP respondents respectively)
Other 2.6%

2. When do you think that the ratification of the ROK-U.S. FTA should be handled?

In a regular session before the U.S.'s demand for renegotiation 52.8%
(78.3%, 2% and 12.5% of the GNP, DP and LFP respondents respectively)
After the U.S.'s demand for renegotiation 38.5% (14.7%, 88% and 75.5% of the GNP, DP and LFP respondents respectively)
To be handled as a long-term task 4.1%
(10% and 12.5% of the DP and LFP respondents respectively)
Other 4.6%

2-1. If you chose "a" in Question 2, please describe the reason.
A renegotiation would hurt national interests
The ROK needs to express its will by ratifying the ROK-U.S. FTA
The ROK needs to prevent the U.S. from making demands that are disadvantageous to the ROK

2-2. If you did not choose "a" in Question 2, please describe the reason.
The U.S.'s demand for renegotiation is an established fact
Measures are lacking for those sectors that would be hurt by the ROK-U.S. FTA
It would be better for the ROK-U.S. alliance (GNP respondents)
Due to the ratification issue, other pending issues might not be handled in a timely manner (GNP respondents)

3. Is there any possibility that the ruling party will ram through the ratification? (this question is only for GNP lawmakers)

a. The ruling party will try hard to reach an agreement with the opposition parties, but if necessary, it will ram through the ratification 63.6%
b. It will handle the issue, excluding the opposition parties 18.6%
c. The issue cannot be handled if the opposition parties oppose

11.6%
d. Other 6.2%

3-1. If you chose "a" or "b" in Question 3, please describe the reason.

The ROK-U.S. FTA is likely to be revised after the inauguration of the Obama administration (38.2% of the GNP respondents)

14. What measures would you come up with if the U.S. demands a renegotiation or additional negotiation of the ROK-U.S. FTA?

Concession in the automotive sector 26.7%
(27.9% and 32% of the GNP and DP respondents respectively)
Concession in other sectors 10.3%
Rejecting the demand 44.6%
(48.1% and 26% of the GNP and DP respondents respectively)
Other 18.4%

Note: It means that 37 percent of those polled expect that the ROK-U.S. FTA would be ratified both in the ROK National Assembly and the U.S. Congress after it is revised (38.2% and 44% of the GNP and DP respondents respectively)

15. What would you suggest as complementary measures to the ROK-U.S. FTA?

- Complementary measures are needed for the sectors with poor global competitiveness including the financial sector (43.4% of GNP respondents)
- Agricultural measures are needed (38% and 30% of the GNP and DP respondents respectively)

Stephens